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## TESTIMONY OF Chip Gengras

February 22, 2011  
Joint Committee on General Law

### SB 160 AAC The Availability of Automobile Diagnostic Codes

Good morning, Chairmen Senator Doyle and Representative Taborsak, Ranking Members Senator Witkos and Representative Rebimbas and Committee members. My name is Chip Gengras I reside in West Hartford, Connecticut and I own several dealerships in East Hartford and Meriden and my family owned company Gengras Auto employs 300 people. Thank you for the opportunity to present my testimony today in opposition to the so-called "right to repair" bill, SB 160 AAC, the Availability of Automobile Diagnostic Codes. I currently serve on the board of the Connecticut Automotive Retailers Association (CARA) which represents the 245 franchised new car dealers in Connecticut. Our member's sales account for nearly 13% of the state's entire retail economy and we employ over 12,500 employees across the state.

This bill should really be called "An Act Concerning the Right to Steal Trade Secrets and Ship Jobs Overseas." So-called right to repair legislation has nothing to do with repairing or servicing cars and trucks. In fact, it is an attempt by a handful of large, publicly-traded, aftermarket parts companies to force the auto companies to divulge proprietary data that franchised dealers do not need to service or repair vehicles. When the auto dealers, the UAW, the auto manufacturers and many independent repair shops are all here today to oppose a bill, it must be a bad idea.

I agree with our new Governor Malloy who just last week said that he, as Governor, and all of you, as our legislators, need to ask two basic questions as you consider bills and policy initiatives: What will this do to create jobs? And how will this help to balance the budget?

So let me answer these questions for you...this is a job killer and it will result in a loss of tax revenue.

If this legislation becomes law, it would strike at the very foundations of the commercial retail activities provided by new car dealerships in your communities, thereby threatening not only local jobs but also at the sales and property tax revenues delivered to the State and the very municipalities you represent. I do not need to tell any of you that at this time we can ill afford any loss in tax revenue.

The fact remains that independent repair shops already have access to this information, and the next speaker my friend and fellow dealer David Calabrese will go into detail on that issue.

Again, this legislation is not about improving consumer access to repair facilities. It is not about the flow of information to auto repairers. If it were, how can independent repairers perform over 75% of all non-warranty vehicle repairs in a given year?

Right to repair isn't about repairing vehicles. It is really a fight over auto parts. The "big boys" of the aftermarket parts world are shamelessly using independent repair centers as a front in their attempt to engineer auto parts.

Plain and simple, this legislation is about invalidating intellectual property protections so aftermarket parts companies (i.e. NAPA, AutoZone, Pep Boys, etc.), can obtain the proprietary and other protected trade secrets so that they can more easily build their products overseas. This will result in a substantial loss of jobs at the parts manufacturing companies located in this country that serve the domestic marketplace for manufacturers. Even without this kind of legislation our state is hard pressed as it is to keep and add manufacturing jobs. Let's not make it more difficult.

The after-market parts companies who are leading the charge for this bill and others like it have virtually no investment in the domestic manufacturing marketplace, as they almost exclusively have their parts manufactured overseas, mostly in China. If their efforts here in Connecticut and in Congress are successful, our economy will suffer the direct loss of well paying (mostly union) manufacturing jobs in this country.

There are safety issues at play here as well, will the airbag chip engineered by AutoZone from these stolen blueprints work 100 percent of the time as in the Volvos, Chrysler and GM vehicles that I sell? Will the aftermarket fender protect my family as the one manufactured by Jeep, Nissan?

If enacted the bill will further undercut not only the quality of parts the manufacturers provide to consumers and dealers, but also the repair services performed by my technicians and thousands of other Connecticut workers, especially warranty work, the franchised auto dealers provide, free of charge, to their customers.

It is important to note that related bills filed in more than a dozen other states and in Congress throughout the years, all have failed. One Chairman of a Congressional committee even said that right to repair legislation is a "solution in search of a problem."

Please vote no on this bill.

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**TESTIMONY OF David Calabrese**  
**February 22, 2011**  
**Joint Committee on General Law**  
**SB 160 AAC The Availability of Automobile Diagnostic Codes**

Good morning, Co-Chairmen Senator Doyle and Representative Taborsak and Committee members. My name is David Calabrese, and my family owns and operates a dealership in Middletown, Connecticut.

Thank you for the opportunity to present my testimony today in opposition to the so-called "right to repair" bill, SB 160 an Act Concerning the Availability of Automobile Diagnostic Codes.

I employ more than 70 people at my dealership, on average our salaries are 56K per year and I offer good health and retirement benefits to my employees. Like my friend Chip Gengras, I am also a member of the Connecticut Automotive Retailers Association.

I know that I only have 3 minutes to talk to you today so...just a note; Jim Fleming CARA President has submitted detailed written testimony to the committee. I hope you will read it, but I wanted to give the view from a small business owner concerning this bill. My fellow dealer Chip Gengras has already told you of the hidden agenda behind this bill by out of state and out of country big business aftermarket parts manufacturers.

Over 30 manufacturers with names you know like Ford, GM, Toyota, Jeep, do business in Connecticut through their franchised dealers. My franchise is with Nissan. There are times when dealers and manufacturers are not always on the same page but on this particular issue we are all together in opposing this legislation.

The manufacturers are more than capable to state their own case. However, I just want to give you the perspective of our dealers who do repair work not only for their own makes of vehicles, but also for brands they don't sell.

The proponents for this bill claim that a law is needed to ensure that independent motor vehicle mechanics have the same access to diagnostic hardware and software as franchised dealerships. It is my experience and that of all our member dealers, who often work on makes for which they are not franchised, that the information to repair and service vehicles is readily available from multiple sources including aftermarket parts giant, AutoZone. I'll address that point later in my testimony.

All dealers are required by their manufacturers to do service work on the makes they sell. The type of work we do includes warranty work and post-warranty work. Any warranty work we do for customers who have purchased our own make vehicles is done at no charge to that customer.

Some of our members are retailers for several manufacturers, and like me with Nissan, have been required to make a considerable financial investment in facility, vehicle inventory, signage, special shop equipment, parts inventory, and personnel - all for the right to sell my manufacturers' products. Nothing is provided free to me. In order for me to fix our makes of vehicles, I have invested thousands upon thousands of dollars so our technicians can diagnose and repair those vehicles. So have all my fellow CARA dealers.

Additionally, I am required by my manufacturers to send my repair technicians to periodic training sessions. This investment in training, for which I am charged by the manufacturers, costs thousands of dollars per year. It all adds up year after year, and it is not cheap.

As for post-warranty work, if a customer comes in with one of the makes we sell: of course, he will pay for parts and labor just as if that customer went to an independent repair shop or another dealer selling my make. Competition with my fellow dealers and the independent shops ensures that the customer pays a fair price.

In addition to the repair and service work for dealers' own make vehicles, there are many dealers who repair vehicles that are not their brand. It is common for a Nissan dealer, such as myself, to work on a Ford truck.

Those dealers who offer service vehicles for which they are not franchised, are in exactly the same position as an independent repair shop. They must purchase the equipment, tools, diagnostic information and employee training they need to repair those vehicles. Again, they must pay the going rate for all the things they need to properly serve their customers.

As a Nissan dealer, for example, I can go to one of several web sites like AllData.com (**HOLD UP THE PICTURE BOARDS**), and just like any independent repair shop, purchase all this information. Incidentally, if you look in the lower left side of the web site you see that All Data is owned by AutoZone. Curiously, AutoZone one of the companies pushing passage of this bill is claiming that they don't have access to the very information the sell online.

From my years of experience, I have not heard of any problem getting access to appropriate information and equipment to fix vehicles of all makes. Of course, I have to be willing to pay for this equipment and information from the various equipment vendors and diagnostic service providers.

The industry already provides access to information and tools to all parties in the automobile repair industry through a voluntary and cooperative process. They have to. In the United States each year there are more than 500 million repair requests. With only 17,000 franchised auto dealerships, it would be impossible for us to service that many customers.

Should I ever come across an issue which hasn't been addressed, the industry created the National Automotive Service Task Force (NASTF) to identify and correct any information gaps. NASTF will, on any service technician's behalf, contact an automaker to address any missing repair data—free of charge. All the technician needs is a computer or a fax machine.

In 2009, NASTF reviewed only 45 service information requests of the more than 500 million automotive service and repair events. So if the problem is as large as those outside the legislature claim it to be, shouldn't the number of service requests to NASTF number in the tens of thousands?

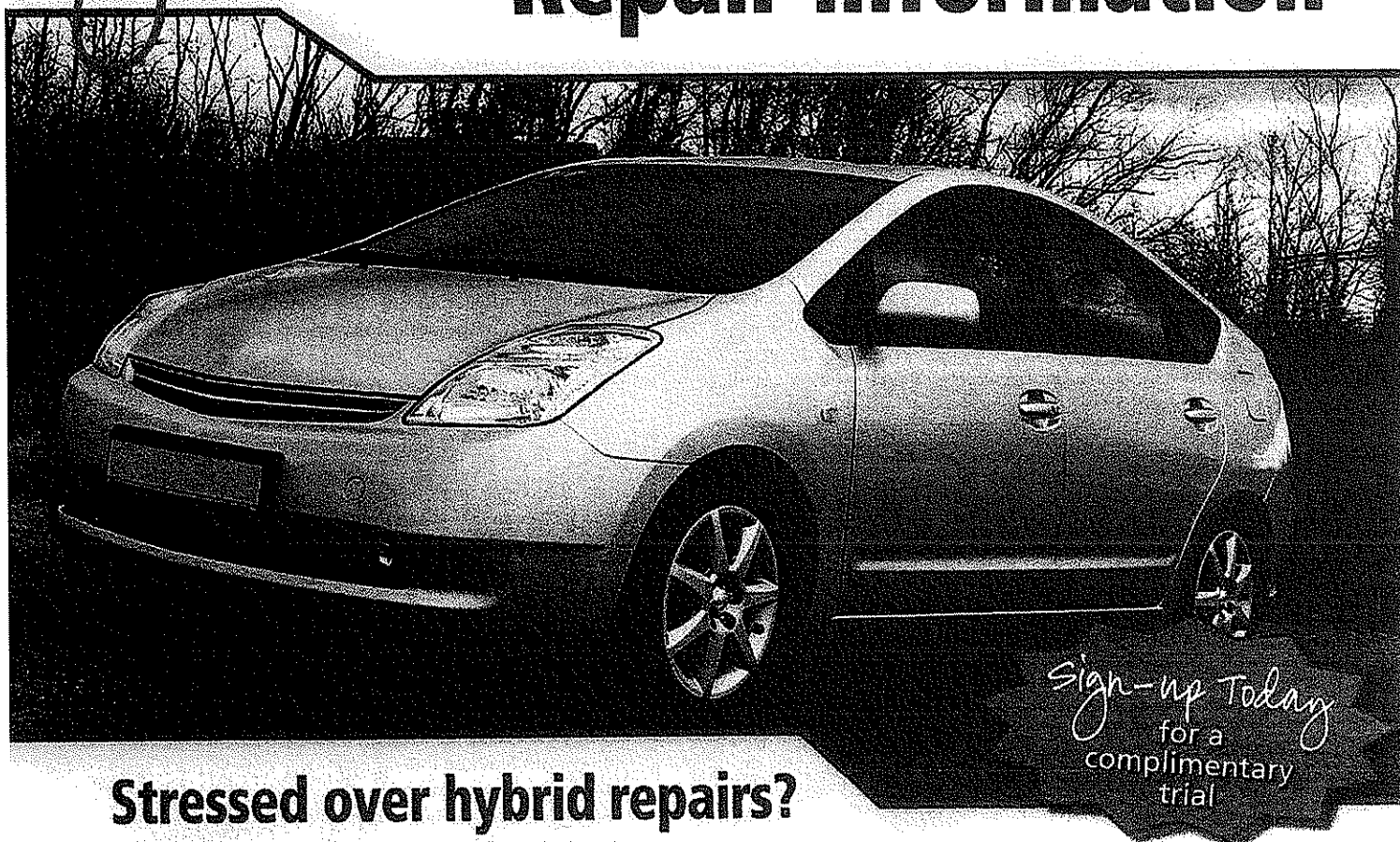
As dealers, we have no problem with competing for service and repair work. It is the American way. For those dealers and independent shops who do work on makes for which they are not franchised, we have no problem with them doing so as long as they are willing to pay for access to diagnostic and repair information.

This bill would be a government mandate to address a problem that does not exist. That is why we oppose these bills.

Thank you for your time. I am happy to answer any questions you may have.

*now*

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